

GREEN RIVER MEDICAL CENTER

Financial Statements --- May 31, 2006

(With Independent Certified Public Accountant's Report Thereon)

GREEN RIVER MEDICAL CENTER
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the Board of Directors
Green River Medical Center

I have audited the accompanying statement of financial position of Green River Medical Center (a non-profit organization) as of May 31, 2006 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green River Medical Center as of May 31, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2006, on my consideration of Green River Medical Center's internal control over financial and on my tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Salt Lake City, Utah
September 5, 2006

GREEN RIVER MEDICAL CENTER
Statement of Financial Position
May 31, 2006

ASSETS	
Cash	\$ 66,507
Accounts receivables	85,842
Inventory	17,872
Prepaid insurance	1,136
Prepaid rent	15,833
Furniture and equipment	<u>159,886</u>
TOTAL ASSETS	<u>\$347,076</u>
LIABILITIES	
Accounts payable	\$ 9,928
Accrued compensated absences	16,194
Accrued payroll taxes	<u>4,807</u>
TOTAL LIABILITIES	<u>30,929</u>
NET ASSETS	
Unrestricted	296,232
Permanently restricted	<u>19,915</u>
TOTAL NET ASSETS	<u>316,147</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$347,076</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Activities

For The Year Ended May 31, 2006

UNRESTRICTED NET ASSETS:

Support

Contributions - Local government	\$ 40,200
Contributions - Individuals and foundations	16,299
Grants from governmental agencies	370,336
Grant for Recruitment and retention	3,220
Grant for Diabetes	1,500
Grant for Immunization	8,283
Program service fees	288,102
Interest income	425
Welfare and Medicaid contractual adjustments	<u>(81,371)</u>
	<u>646,994</u>

Expenses

Program services

Bad debt	7,578
Medical	162,369
Laboratory	12,226
X-Ray	3,583
Behavioral	92,502
Pharmacy	12,690
Other Health	3,382
Dental	50,062

Support services

Administration	116,285
Facility	68,643
Patient records	<u>21,066</u>

550,386

INCREASE IN UNRESTRICTED NET ASSETS

96,608

PERMANENTLY RESTRICTED NET ASSETS

Expenses

State of Utah Grant depreciation	<u>(2,811)</u>
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(DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS (2,811)

INCREASE IN NET ASSETS

93,797

NET ASSETS AT BEGINNING OF YEAR

222,350

NET ASSETS AT END OF YEAR

\$316,147

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Functional Expenses

For The Year Ended May 31, 2006

	Program Services					
	Medical	Laboratory	X-ray	Behavioral	Pharmacy	Other Health Dental Total
Salaries	\$ 92,787	2,599	2,272	-	1,587	5,118 106,779
Payroll taxes and fringe benefits	30,742	774	755	-	454	1,091 34,612
Total Salaries and related expenses	123,529	3,373	3,027	-	2,041	6,209 141,391
Physicians and Mid Level	20,575	-	-	27,547	-	- 48,122
Dentist	-	-	-	-	-	35,100 35,100
Contractual	-	-	-	-	-	170 170
Sub recipients	-	-	-	64,955	-	- 64,955
Supplies	9,193	1,698	174	-	10,649	3,358 25,072
Lab	-	-	-	-	-	5,395 5,395
Readings	-	7,155	382	-	-	- 7,537
Telephone	3,365	-	-	-	-	- 3,365
Travel	2,209	-	-	-	-	- 2,209
Training	3,303	-	-	-	-	- 3,303
Repairs and maintenance	-	-	-	-	-	- -
Postage	195	-	-	-	-	- 195
Miscellaneous	-	-	-	-	-	- -
Total expenses before depreciation	162,369	12,226	3,583	92,502	12,690	3,382 336,814
Depreciation of furniture and fixtures	-	-	-	-	-	- -
Total expenses	\$162,369	12,226	3,583	92,502	12,690	3,382 336,814

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER
Statement of Functional Expenses
For The Year Ended May 31, 2006

	Support Services			
	Administration	Facility	Patient Records	Total
Salaries	\$55,873	7,680	15,915	79,468
Payroll taxes and fringe benefits	<u>14,043</u>	<u>2,036</u>	<u>5,114</u>	<u>21,193</u>
Total Salaries and related expenses	<u>69,916</u>	<u>9,716</u>	<u>21,029</u>	<u>100,661</u>
Physicians	7,200	-	-	7,200
Supplies	3,099	499	37	3,635
Data line service	9,090	-	-	9,090
Postage	1,460	-	-	1,460
Utilities	-	4,030	-	4,030
Repairs and maintenance	637	5,228	-	5,865
Equipment under \$300	-	-	-	-
Telephone	1,752	-	-	1,752
Travel	3,682	-	-	3,682
Training	2,969	-	-	2,969
Insurance	3,031	-	-	3,031
Rent	-	24,000	-	24,000
Professional dues	3,241	-	-	3,241
Fees	234	-	-	234
Professional fees	7,725	-	-	7,725
Bank Charges	419	-	-	419
Miscellaneous	<u>1,830</u>	<u>-</u>	<u>-</u>	<u>1,830</u>
Total expenses before depreciation	<u>116,285</u>	<u>43,473</u>	<u>21,066</u>	<u>180,824</u>
Depreciation of furniture and equipment	<u>-</u>	<u>25,170</u>	<u>-</u>	<u>25,170</u>
Total expenses	<u>\$116,285</u>	<u>68,643</u>	<u>21,066</u>	<u>205,994</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Cash Flows

For The Year Ended May 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 93,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	27,981
(Increase)decrease in operating assets	
Accounts receivable	(9,862)
Inventory	(4,831)
Prepaid insurance	2,579
Prepaid rent	5,000
Increase(decrease) in operating liabilities	
Accounts payable	(36,581)
Accrued compensated absences	6,224
Accrued payroll taxes	<u>2,791</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	87,098
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for furniture and equipment	<u>(72,468)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(72,468)</u>
NET INCREASE IN CASH	14,630
BEGINNING CASH	<u>51,877</u>
ENDING CASH	\$ <u>66,507</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements

For The Year Ended May 31, 2006

(1) Organization and Significant Accounting Policies

- a. The organization was organized as a Utah nonprofit corporation within the meaning of the Utah Nonprofit Corporation and Cooperative Association Act on April 15, 1959.

The corporation is organized and operated exclusively for the promotion of medical welfare on an outpatient medical care at a reasonable cost and on a non-profit basis to persons residing in Emery and Grand counties.

- b. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- c. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.
- d. The Organization maintains all of its cash balances in one institution in two separate accounts. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.
- e. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition the Organization presents a statement of cash flows.
- f. Inventories are valued at the lower of cost (first-in, first-out basis) or market.
- g. Bad debts are recorded using the direct write-off method.
- h. Green River Medical Center records the value of donated goods or services when there is an objective basis available to measure their value. Donated space is reflected as contributions in the accompanying statements at its estimated value at the date of receipt. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(1) Organization and Significant Accounting Policies - continued

- i. Revenue from patients is accounted for under a fee system established using guidelines and procedures developed by the U.S. Department of Health and Human Services. When Medicaid or an industrial insurance reimburses less than the full charge, the patient is informed of the Sliding Fee Scale, and the balance adjusted accordingly. Amounts in excess remain as full charges to another third party or to the private individual.
- j. Green River Medical Center qualifies as an exempt organization under Section 501(a) and 501(c)(3) of the Internal Revenue Code and therefore has no provision for income taxes.
- k. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and loss are included in the change in net assets.

(2) Government Grant

On June 1, 2001, Green River Medical Center was awarded a five year grant from the Department of Health and Human Services for federal funds. During the contract period from June 1, 2005 through May 31, 2006, \$356,736 was awarded, received and expended.

(3) Donated Materials and Services

Green River Medical Center entered into a lease agreement for space with the City of Green River for the clinic on September 25, 1997 to begin on the date the premises are occupied and continue for a term of ten years. Renewals are for additional ten year periods unless terminated by the City or Tenant upon sixty days written notice. The value of this lease has been included in the financial statements as follows:

Revenue:	
Public Support - Contributions	<u>\$19,000</u>
Expenses:	
Facility - rent	<u>\$19,000</u>

The Organization made a prepayment to the City of \$50,000 for construction of the new Clinic. This amount is being amortized over the initial lease term of ten years with \$5,000 being expensed during the period ended May 31, 2006.

Additionally, Emery County made a contribution of cash in the amount of \$21,200 and individuals and a private foundation made donations of cash and in kind for supplies and equipment.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(4) Contracted Services

On February 4, 2005, Green River Medical Center entered into a medical provider contract with Kim T. McFarlane to provide the Center's patients with the services of a physician assistant (PA) for a period running from February 1, 2005 to January 31, 2006 and February 1, 2006 to January 31, 2007. The Center is to pay Kim \$75,000 in salary until June 1, 2006 when the salary was increased to \$77,625 and \$50 per hour for callback time until June 1, 2006 when the callback time was increased to \$52 per hour. During fiscal year ended May 31, 2006, \$79,563 was paid for PA services.

During 2005 the Center contracted with Dr. Allen, \$600 for each one-half day per week that she is at the Center to provide services to Center patients. The physician is to submit forms necessary to obtain approval from the Utah Division of Professional Licensing for the use of a physician assistant, provide verification regarding supervision of the physician assistant, and to provide the Center one-half day as arranged in conference between physician and Center. During the year ended May 31, 2006 Dr. Allen was paid \$14,800.

The Center pays Brian Goodwine, D.D.S. \$650 for each day that he is at the Center to provide services to Center patients. Additionally, the Center pays for emergency services at the rate of \$50 an hour for hours worked over the regular eight hour day. During the year ended May 31, 2006 Dr. Goodwine was paid \$16,900.

The Center pays G. O. Miller, D.D.S. \$650 for each day that he is at the Center to provide services to Center patients. Additionally, the Center pays for emergency services at the rate of \$50 an hour for hours worked over the regular eight hour day. During the year ended May 31, 2006 Dr. Miller was paid \$18,200.

The Center has contracted with Four Corners Community Behavioral Health, Inc. (FCBHI) to provide mental health services to Center patients by a licensed clinical social worker. During the year ended May 31, 2006, FCBHI was paid \$27,547.

(4) Contracted Services - continued

The Center has sub-contracted with Carbon Medical Service Association and Utah Navajo Health Systems to provide mental health services to their respective service areas in connection with a portion of the federal grant that was awarded to the Center. During the year ended May 31, 2006, Carbon Medical Service Association and Utah Navajo Health Systems were each paid \$32,477 respectively.

(5) Furniture and Equipment

Furniture and Equipment consist of the following:

Furniture and equipment	\$348,365
Less accumulated depreciation	(188,479)
	<u>\$159,886</u>

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(6) Pension Plan

The Clinic sponsors a defined contribution pension plan that covers all full time employees. Contributions to the plan are based on three and one half percent of gross wages. For the year ended May 31, 2006, the amount of the pension expense was \$5,429.

(7) Restrictions on Assets

Permanently restricted net assets consist of fixed assets acquired with a grant of assets from the State of Utah, Department of Health, Bureau of Emergency Services, for the purpose of biohazard containment and control. If the Center closes then these assets will revert to the State of Utah for placement in another facility for the purposes provided.

(8) Contingencies

- a. The company receives grants, which are subject to review and audit by government agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of management, such disallowances, if any will not be significant.
- b. The Company has no other known contingent liabilities, litigation or claims as of the date of this report.



Lane K Peterson

Certified Public Accountant

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Green River Medical Center

I have audited the financial statements of Green River Medical Center (a non-profit organization) as of and for the year ended May 31, 2006, and have issued my report thereon dated September 5, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Green River Medical Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Green River Medical Center's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Board of Directors
Green River Medical Center
Report on Compliance and Internal Control GAS
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This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Salt Lake City, Utah
September 5, 2006